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Tokyo Plans Aid To Gulf Situation

After much internal debate Tokyo has decided how it will aid Western efforts to end the Iran-Iraq war and ensure naval transit in the Persian Gulf. Prime Minister Yasuhiro Nakasone told President Reagan at a September 21 meeting in New York that Japan would contribute to the cost of maintaining free navigation in the Gulf. In light of constitutional restrictions on military forces and the sensitivity of the issue in general, Mr. Nakasone and the ruling Liberal Democratic Party threaded a delicate course to fulfill the promise.

The problem was finding a way to help within the constraints of existing laws and policies. Legislation creating the Self Defense Forces also prohibits them from operating outside of areas adjacent to Japan. Current policy based on this law also prohibits Japan from participating in armed actions by the United Nations. Rather than attempt to change the laws and reverse a long-held

consensus, Mr. Nakasone opted to use existing channels to respond quickly to the situation, proposing the following initiatives:

• Installation of a precision navigation system - To help vessels gauge their positions in the Persian Gulf more accurately, Japan has offered to install a Decca precision navigation system consisting of 20 to 30 stations. Located among the members of the Gulf Cooperation Council (Saudi Arabia, Kuwait, Oman, Bahrain, Qatar and the United Arab Emirates), the British-made system would allow captains to plot courses through waters swept of mines and other hazards with greater confidence. Japan is likely to contribute both money and equipment (for a total of about $10 million) to the project, which the United States has already begun discussing with council members. Officials say that the contribution can be made during the current fiscal year.

• Aid to the United Nations - Tokyo has pledged $10 million to the peace efforts of the United Nations. The money will come from the $20 million already budgeted this year for U.N. peacekeeping support, but it is unclear if any conditions are attached.

• Economic aid for the region - Japan has dangled the carrot of dramatically increased economic aid to Iran, Iraq and other affected nations in hopes of improving the chances for a negotiated settlement. Tokyo has already committed itself to a $200 million untied loan by the Export-Import Bank of Japan to Oman, and $300 million in credits and Ex-Im loans to Jordan. Specific aid proposals for Iran and Iraq have not been spelled out, but Tokyo has promised to help in reconstruction efforts.

• Support for the U.S. military - As an indirect contribution to the cost of U.S. naval escorts for oil tankers, Tokyo may increase its contribution to the maintenance of American military bases in Japan. Although a 6.2 percent increase in overall defense spending in FY 1988 is currently planned, it is unclear if the present support outlays of approximately $1.5 billion a year will be raised. It is hoped that the details can be worked out with the United States in time for inclusion in the FY 1988 budget.

Defense Secretary Caspar Weinberger hailed the plan as "a fine first step toward a meaningful Japanese contribution." Mr. Weinberger obviously would like even more help; he specifically mentioned sending Japanese minesweepers to join those of other Western navies during early October talks with Japan Defense Agency director general Yukio Kurihara (see JEI Report No. 38B, October 9, 1987).

Japanese diplomats in Tehran report that the Iranian government viewed the proposal as "nonhostile." Nevertheless, two Japanese oil tankers were hit by Iranian fire a few days later. Japan remains highly dependent on oil from the Mideast, which supplied 67.3 percent of all its crude oil imports from January through August of this year. In fact, Japan has drastically cut purchases from Iraq while maintaining links with Iranian oil dealers (see Table). In any case, Tokyo's plan is another sign that Japan is willing to support its international policies with actions and to fulfill its responsibilities in the Western alliance.

Jon Choy

Japan's Oil Imports from the Middle East

(in thousands of kiloliters)

	January-August 1986		January-August 1987	
	Quantity	Share	Quantity	Share
Total Oil Imports	129,536	100.0%	119,732	100.0%
Middle East	90,351	69.7	80,573	67.3
Iran	9,117	7.0	9,448	7.9
Iraq	6,706	5.2	3,444	2.9

Source: Ministry of International Trade and Industry and the Petroleum Association of Japan

LDP Elections Enter Final Stretch

At long last the jockeying for position in the Liberal Democratic Party presidential sweepstakes has ended and serious efforts are underway to find a successor to party president and prime minister Yasuhiro Nakasone. The party's three "new leaders" -- LDP secretary general Noboru Takeshita, executive council chairman Shintaro Abe and Finance Minister Kiichi Miyazawa -- have all declared as candidates; a dark horse challenger, Susumu Nikaido, failed to secure the minimum requirements for filing. Most observers feel that within a few days the low-profile Mr. Takeshita will emerge triumphant, riding the crest of a Takeshita-Abe-Komoto alliance forged earlier in the year.

The current schedule calls for a decision to be reached by October 20, with the party membership endorsing a selection determined in intra-party negotiations. If a vote were held today, Mr. Takeshita would emerge victorious, having garnered far more than the simple majority of Diet members required to win. The possibility of an upset exists, but the likelihood is that the numbers will give Mr. Takeshita the top prize.

With little suspense surrounding the presidential election, attention has turned to the choice of cabinet members in the new government and the key question of party leadership posts. Observers anticipate that in return for his support, Toshio Komoto or a prominent member of his faction will have a seat in the new government, which will take office at the beginning of November. Mr. Abe would be situated strategically for secretary general of the LDP, with Shin Kanemaru -- the behind-the-scenes force in the Takeshita candidacy -- taking a largely symbolic yet prestigious position, perhaps deputy prime minister or party vice president. Important questions remain concerning Mr. Miyazawa's fate. While he is a controversial figure, there is no doubt that the current finance minister brings considerable experience to the government. Utilizing that experience in an approrpriate manner is an important consideration for any new government.

The current political situation abounds in ironies. Mr. Takeshita has by far the lowest profile of the three candidates and is hampered by his limited foreign policy experience, yet he has the largest faction in the party and

Moreover, although promoting private ventures is a central element of the plan, no decision has been made on the strategy that will be used to accomplish this goal. The most recent full-scale initiative, the 1977 Fukuda Plan, was designed to pump $1 billion into ASEAN for regional large-scale industrial projects. Ultimately, however, the attempt to enhance regional cooperation foundered when several countries failed to approve the projects in question. This time around the disbursement will probably be handled in a different manner. Questions such as whether the $2 billion will be geared to large or medium- to small-scale projects, whether Tokyo will insist on approving the projects or will allow the recipient countries some discretion, and whether the disbursement will be handled bilaterally or regionally will be decided in the next two months.

Eileen M. Doherty

Notes

Trade Bill - Action on HR 3, the omnibus trade bill, is stalled for the time being. Despite an October 31 target date for completion, the conference committee to iron out differences between the House and Senate versions will not meet again until legislators complete the budget reconciliation bill. The delay has raised questions concerning the feasibility of finishing work on the trade bill this year; some lawmakers have already said that the bill may not be completed until 1988.

Much depends, of course, on the will of the legislators. If the House and Senate leadership make HR 3 a "must finish" item before Congress adjourns, the bill could be completed in a relatively short time. Adjournment is set for November 21, although many observers believe that this is unrealistic. Congressional staff members continue to work behind the scenes to reach tentative agreements. In this way much of the groundwork will be done should legislators decide to put the trade bill on the president's desk before Christmas.

Verity Nomination - On October 13 the Senate confirmed C. William Verity as Secretary of Commerce. The 84-11 decision came after the upper chamber voted to end a filibuster led by Sen. Jesse Helms (R, N.C.), who argued that Mr. Verity's commitment to expanding U.S.-Soviet trade relations could jeopardize this country's security. Some senators also questioned Mr. Verity's attitudes toward human rights in the U.S.S.R. (The new secretary has criticized the Jackson-Vanik amendment to the 1974 Trade Act, which was aimed at increasing Jewish emigration from the Soviet Union.) Mr. Verity has pledged to enforce export control laws as well as to uphold the administration's position on other trade matters.

Japan's Energy Outlook Revised - An advisory body to the Ministry of International Trade and Industry expects Japan's energy demand to increase 25.6 percent by the year 2000 (see Table). The medium-term outlook is in line with Tokyo's drive to reduce dependence on imported crude oil through diversification. Nuclear power plays the leading role in this shift, supplemented by aggressive utilization of non-traditional energy sources such as photovoltaic devices and ocean wave generators.

MITI's views rest at the conservative end of the spectrum. Japan's Atomic Energy Commission is much more optimistic, predicting that nuclear generators will provide approximately 40 percent of all electricity by the year 2000 and 60 percent thirty years after that. Ratification of a new U.S.-Japan treaty on nuclear fuel would be an important step toward this goal (see JEI Report No. 45B, November 22, 1985). The most significant aspect of the new outlook is a 10 percent reduction in total predicted energy demand in 2000 compared with the previous outlook issued in 1983 (see JEI Report No. 28A, July 20, 1984).

Japan's Long-Term Energy Demand Outlook

Source (millions of units)	FY 1986 Quantity	FY 1986 Share	FY 2000 Quantity	FY 2000 Share
Coal (metric tons)	103.9	18.3%	136.0	18.7%
Nuclear Power (kilowatts)	25.8	9.5	53.5	15.9
Natural Gas (kiloliters*)	42.8	9.9	58.0	10.8
Hydroelectric Power (kilowatts)	35.8	4.2	45.5	4.4
Geothermal Power (kiloliters*)	0.4	0.1	4.4	0.8
Non-traditional Energy Sources (kiloliters*)	5.5	1.3	24.5	4.5
Crude Oil (kiloliters)	240.0	56.8	242.0	45.0
Total (kiloliters*)	430.0	100.0	540.0	100.0

*Crude oil equivalent

Source: Ministry of International Trade and Industry

U.S.-Japan Fishing Pact - After two rounds of talks, a basic agreement was reached October 2 to extend the bilateral fishing pact despite Japan's plans to proceed with research whaling. The two sides reportedly made no major changes to the substance of the treaty, which allows Japanese fishermen to ply U.S.-controlled waters and promotes bilateral trade in fish products, but its duration has been cut from five years to two at the request of the United States.

Tokyo will push ahead with plans to conduct a random harvest of whales for research purposes, but has reduced the scale of the plan by nearly two-thirds from 875 Minke and sperm whales to around 300 (see JEI Report No. 36B, September 25, 1987). While the concession may placate the administration, U.S. environmental groups have filed a lawsuit to force the government to impose sanctions against Japan.

Bilateral Cocom Talks - Winding up the first in a regular series of discussions on strategic export control issues, Japan and the United States agreed October 7 that all Cocom (Coordinating Committee for Multilateral Export Controls) members must strengthen enforcement of the regulations governing sales of senstive products and technology to communist countries. The new subcabinet-level forum was established at Tokyo's initiative to institutionalize the consultative process set in motion by disclosures that Toshiba Machine